

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY LAGOS

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E.O. 11652: N/A

TAGS: BEXP, NI

SUBJECT: MAJOR PROJECT: RAILROAD DEVELOPMENT

REF: LAGOS 5644

1. APPRECIATE EMBASSY'S VIEWS ON CONSULTANCY SHORTLIST (REFTEL). NEWS THAT AMBASSADOR INTENDS RAISE POINT WITH MOT WELCOME. WHETHER DEMONSTRATION OFFICIAL USG INTEREST WILL AFFECT NRC CONSULTANCY SELECTION, IT COULD HAVE SOME IMPACT ON FUTURE INTERNATIONAL TENDERING SITUATIONS WHERE DIPLOMATIC PRESSURES FROM THIRD COUNTRY COMPETITORS TO BE EXPECTED. WE AGREE THAT REPRESENTATION OF THIS TYPE CAN ONLY SERVE TO COMPLEMENT EFFORTS OF FIRMS TO DEVELOP COMPETITIVE PROPOSALS AND PURSUE BUSINESS. IN CASE CONSULTANCY CONTRACT, U.S. FIRMS NOT BEING ALLOWED PRESENT PROPOSALS. THEIR COMPETITIVE POSITION ACADEMIC WHEN PRECLUDED FROM SHORTLISTS.

2. WE CAN APPRECIATE EMBASSY'S ASSESSMENT NIGERIANS

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TYPICALLY FAVOR KNOWN QUANTITIES. DESIGN CONSTRUCTORS

CAN ONLY AFFORD ESTABLISH LONG TERM PRESENCE IN A COUNTRY
AFTER WINNING INITIAL CONTRACT AND THEN CAN COMPLETE
SUCCESSFULLY FOR SUBSEQUENT PROJECT OPPORTUNITIES.
CHICKEN AND EGG DILEMMA FACT OF LIFE FIRMS SEEKING PROJECT

CONTRACTS FIRST TIME. SINCE PREVIOUS REPORTS INDICATE
THAT QUALIFIED AMERICAN COMPANIES LIKE PULLMAN AND FORD,
BACON, AND DAVIS NOT PREQUALIFIED SUBMIT PROPOSALS,
THERE LITTLE OPPORTUNITY FOR THEM TO ESTABLISH PRESENCE
IN NIGERIA AT THIS TIME. THIS BEING CASE, FMG WILL NOT
HAVE BENEFIT OF BROAD SPECTRUM OF PROPOSALS AND MAY NOT
ALWAYS OBTAIN MOST COMPETITIVE BIDS FOR MAJOR DESIGN AND
CONSTRUCTION PROJECTS. THIS IS POINT THAT MIGHT BE
RAISED WITH MOT.

3. WITH REGARD COMPETITORS AND PERSISTENCE THEIR EFFORTS
IN COUNTRY, SHOULD BE REMEMBERED PULLMAN ACCEPTED
EMBASSY'S SUGGESTION AND POSTPONED ANY FOLLOW-UPS TO
MCCABE'S INITIAL VISIT NIGERIA. FORD, BACON, AND DAVIS
UNABLE SEND EXECUTIVE TO LAGOS BEFORE CLOSING OF
PREQUALIFICATION DEADLINE SINCE TIME WAS SHORT AND KEY
PERSONNEL WERE IN ALGERIA, ADVISING THAT GOVERNMENT ON
HOW TO DEVELOP ITS RAILROAD NETWORK (A FACT THAT HAS SOME
BEARING ON THE COMPANY'S QUALIFICATION). MKI HAS INFORMED
MEPD PRIVATELY THAT IT WOULD NOT SEEK PREQUALIFICATION
SINCE IT IS UNHAPPY WITH NIGERIAN COMPETITIVE CLIMATE
(READ CORRUPTION).

4. LOOK FORWARD TO LEARNING OUTCOME MEETING WITH MOT.
MKI REACTION TO SHORTLIST IS OUTLINED ABOVE. PULLMAN
APPRECIATES AMBASSADOR'S INTERVENTION AND HOPES IT WILL

LEAD TO OPPORTUNITY TO STILL POSSIBLY ENTER COMPETITION.

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